

The background of the entire page is a dark, textured field. Scattered across this field are several irregular, glowing shapes in shades of orange and yellow. These shapes have a grainy, almost crystalline appearance, with some showing internal patterns or textures. The most prominent shape is a large, bright yellow-orange one in the center-right, which appears to be a cross-section of a mineral or a piece of metal. Other smaller, darker orange shapes are visible in the upper left and lower left areas. The overall effect is one of intense heat and energy.

AR47

**Automotive Hardware Limited
Annual Report 1975**

Cover:
*Hot forged bolts glow brilliantly,
radiating the intense energy gen-
erated in 15 seconds by electrical
induction heating.*

*Photographs by F.A. Reid,
M.J. Reid*

AR47

Subsidiary Companies

DOCAP CORPORATION LIMITED

AUTOMATIC SCREW
MACHINE PRODUCTS LIMITED

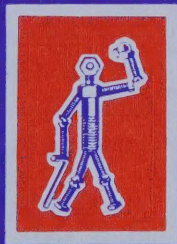
FEDERAL BOLT & NUT CORPORATION
LIMITED

PLANET STEEL LIMITED

55 Brown's Line Toronto, Canada

M8N 3S4

AUTOMOTIVE HARDWARE LIMITED and Subsidiary Companies



Interim Report to Shareholders

for six months ended June 30, 1975

AUTOMOTIVE HARDWARE LIMITED

and Subsidiary Companies

TO THE SHAREHOLDERS:

The Directors of AUTOMOTIVE HARDWARE LIMITED report that consolidated sales of \$17.5 million for the half year ended June 30, 1975 were marginally higher than the \$17.2 million for the same period in 1974. Increased manufacturing and general overhead costs in 1975 have been absorbed resulting in a small decline in earnings from \$2.4 million in 1974 to \$2.3 million in the current year.

Earnings per share on 902,050 shares outstanding in 1975 were \$2.59 a slight decrease from \$2.67 on 901,500 shares during the same period last year. These results confirm forecasts made in previous Company reports.

Economic conditions in the coming months appear to be on the upswing and we look forward optimistically to the future.

On behalf of the Board

IRWIN GOLDHART
President

August 19, 1975

AUTOMOTIVE HARDWARE LIMITED and Subsidiary Companies
Comparative Consolidated Statement of Earnings (Unaudited)
For the Six Months Ended June 30

	<u>1975</u>	<u>1974*</u>
Sales.....	\$17,517,721	\$17,233,028
Cost of Goods Sold and Operating Expenses Exclusive of Items Shown Below	<u>12,633,478</u>	<u>12,394,523</u>
	\$4,884,243	\$4,838,505
Depreciation.....	\$ 344,189	\$ 315,920
Interest on Long Term Debt.....	138,934	139,904
Amortization of Debenture Discount.....	<u>2,996</u>	<u>3,000</u>
	<u>486,119</u>	<u>458,824</u>
Earnings Before Income Taxes.....	\$4,398,124	\$4,379,681
Income Taxes.....	<u>2,058,694</u>	<u>1,973,704</u>
Net Operating Earnings for Period.....	\$2,339,430	\$2,405,977
Extraordinary Income, Net of Taxes.....	<u>—</u>	<u>709</u>
Total Net Income.....	<u>\$2,339,430</u>	<u>\$2,406,686</u>

	<u>1975</u>	<u>1974*</u>
Earnings per Share:		
on Shares Outstanding.....	<u>902,050</u> \$ 2.59	<u>901,500</u> \$ 2.67
on Potential Full Dilution.....	<u>\$ 2.14</u>	<u>\$ 2.16</u>

* Restated to reflect reversal of sale of excess Steel Mill Equipment.

AUTOMOTIVE HARDWARE LIMITED and Subsidiary Companies
Comparative Consolidated Statement of Changes in Financial Position
For the Six Months Ended June 30

	1975	1974*
Sources of Funds:		
Total Net Income for the Period.....	\$ 2,339,430	\$ 2,406,686
Depreciation.....	344,189	315,920
Amortization of Debenture Discount.....	2,996	3,000
Funds from Operations	<u>\$ 2,686,615</u>	<u>\$ 2,725,606</u>
Principal Repayments of Mortgage Receivable.....	7,182	6,705
Advance Payment from Customer.....	—	336,510
Increases in Share Capital.....	1,980	—
Increase in Long Term Debt.....	88,369	—
	<u>\$ 2,784,146</u>	<u>\$ 3,068,821</u>
Uses of Funds:		
Purchase of Fixed Assets (Less Proceeds of Disposals).....	\$ 808,331	\$ 270,281
Reduction in Long Term Debt.....	—	96,119
Dividends Declared.....	315,688	162,270
Deferred Income Tax Adjustment.....	95,185	185,542
Increase in Working Capital as Set Out Below.....	1,564,942	2,354,609
	<u>\$ 2,784,146</u>	<u>\$ 3,068,821</u>
Changes in the Elements of Working Capital:		
Working Capital January 1.....	\$12,384,314	\$ 7,866,166
Current Assets — Increase (Decrease):		
Accounts Receivable.....	\$ 531,900	\$ 2,193,399
Inventories.....	4,437,178	645,337
Sales Tax and Duty Drawback Claims Outstanding.....	7,421	127,917
Prepaid Expenses and Deposits.....	735,132	116,824
Life Insurance, Cash Surrender Value.....	—	(11,517)
	<u>\$ 5,711,631</u>	<u>\$ 3,071,960</u>
Current Liabilities — Increase (Decrease):		
Bank Loans and Overdraft.....	\$ 4,739,129	\$ 805,836
Accounts Payable and Accrued Liabilities.....	1,562,518	92,518
Income Taxes Payable.....	(2,208,639)	(225,978)
Dividends Payable.....	45,132	54,090
Current Portion of Long Term Debt.....	8,549	(9,114)
	<u>\$ 4,146,689</u>	<u>\$ 717,352</u>
Net Increase in Working Capital.....	1,564,942	2,354,608
Working Capital June 30.....	<u>\$13,949,256</u>	<u>\$10,220,774</u>

*Restated to reflect reversal of sale of excess Steel Mill Equipment.

Comparative Highlights

	Year Ended December 31		
	1975	1974	1973
Sales	\$ 33,181,522	\$ 34,066,176	\$ 24,540,624
Income before Income Taxes	\$ 7,324,282	\$ 9,054,318	\$ 4,204,848
Income Taxes	\$ 3,576,644	\$ 4,271,077	\$ 1,987,581
Net Earnings	\$ 3,747,638	\$ 4,697,182	\$ 2,217,267
Net Earnings per Share*	\$ 4.15	\$ 5.21	\$ 2.46
Shareholders' Equity	\$ 17,877,317	\$ 14,788,138	\$ 10,518,781
Equity Per Share*	\$ 19.79	\$ 16.40	\$ 11.67
Working Capital	\$ 15,047,626	\$ 12,384,314	\$ 7,866,166
Working Capital Ratio	3.66:1	3.81:1	2.62:1
Dividends per Share	75¢	48¢	24¢

*Based on 903,190 outstanding in 1975, 901,850 outstanding in 1974 and 901,500 in 1973



President's Message to Shareholders

The year 1975 saw the Company maintain its progress as one of the leaders within the Canadian fastener industry.

Sales declined 2.5% from \$34 million in 1974 to \$33 million in 1975. Correspondingly, net earnings of \$3.7 million were down from a record of \$4.7 million the previous year and, expressed in terms of earnings per share, were \$4.15 in 1975 and \$5.21 in 1974.

In spite of lower sales and sharply rising material and labour costs the results were, by a substantial margin, the second best in the Company's history.

In November a three year labour agreement, conforming with major settlements in the industry, was negotiated without interruption in the operations of the Company. The settlement has been submitted to the Anti-Inflation Board and, in anticipation of the Boards' approval, provision has been made in the 1975 accounts reflecting the full costs of such increases.

We continue a policy to diversify our markets so that we are not too dependent on any one segment of the economy.

During the past year more high speed equipment was acquired so as to maintain a competitive position of leadership in the efficient production of high quality fasteners.

We are now occupying a 50% larger warehouse in the Montreal area. This is located in Lachine, Quebec, a highly industrialized suburb of Montreal. The move is a continuation of the expansion of our distribution network.

During 1975 the quarterly dividend was increased from .15c per class "A" share to .20c (12.75c to .17c on the class "B" shares).

While the first two months of 1976 paralleled the experience of the 1975 last quarter, March 1976 took a significant up-turn, which, coupled with the present indications, leads us to believe that the balance of 1976 will show a resumption of the Company's growth. We see our expanding overseas sales as one of the avenues of this growth and steady progress has been made in improving shipping techniques suited specially to this market.

I thank our employees for their valued effort in the interest of our Company and its customers.

On behalf of the Board of Directors,

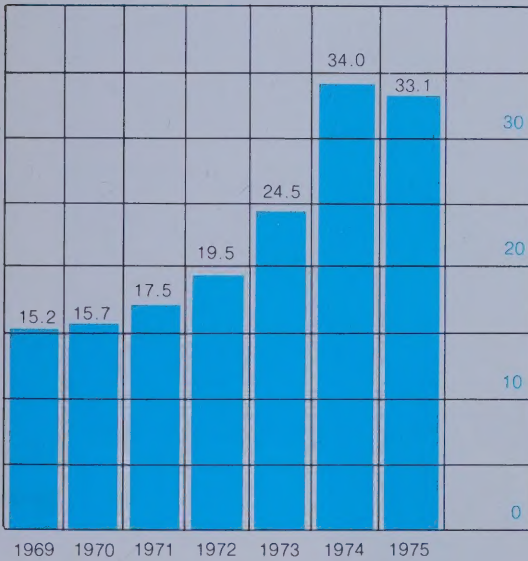
Irwin Goldhart, *President*

May 14, 1976

A History of Progress

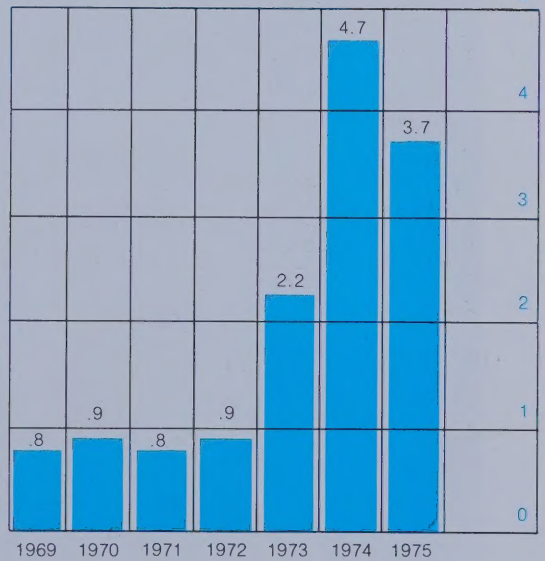
Sales (Millions)

40



Net Earnings (Millions)

5



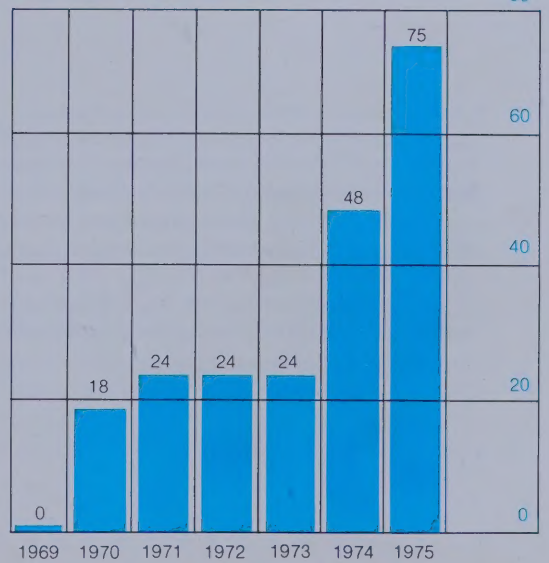
Equity Per Share

20



Dividends per Share

80

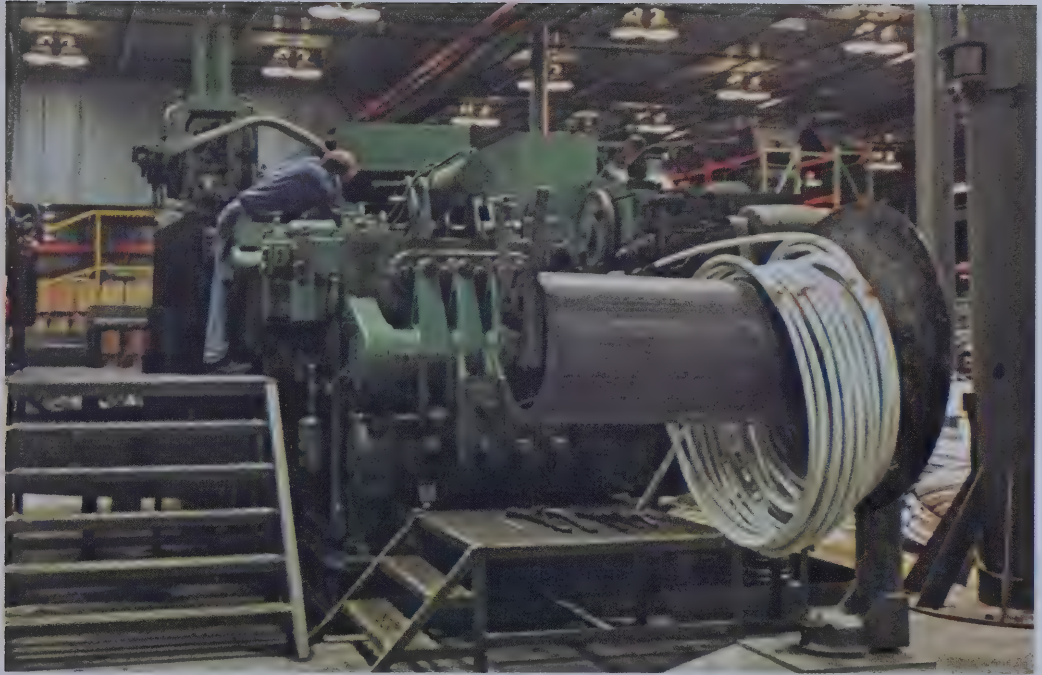




The strength of the parent company Automotive Hardware is distribution and with seven warehouses, well situated from Dartmouth to Vancouver and totalling over a quarter of a million square feet, it can make prompt delivery of virtually every fastener requirement that arises.

To do this, we stock the widest variety of fasteners in Canada. In addition, to be properly efficient, we have learned how to store, handle and package not only those products that are sold once a year but those that move by the tens of millions.

Pictured above is one of Automotive's specialized, high lift, narrow aisle, fork lift trucks inserting a 1500 pound container of fasteners into towering storage racks.



As a Company grows in the fastener industry, it becomes more and more desirable that it commence its own manufacturing in order to support its distributor system with products of high quality, produced under its own control and to its customers' specific needs.

Federal Bolt was created to satisfy this requirement, and commenced operations in 1959 with a core of versatile new nutformers and boltmakers. Some of these are now being phased out in favour of the more recently proven and specially high speed machines, as we continue a world-wide search for better and more efficient equipment.

The constant growth of this Company has forced four expansions of plant and warehouse at 55 Brown's Line until it now occupies the lion's share of 300,000 square feet.

Its facilities consist of a full range of cold nutformers and of the most modern high speed boltmakers. Added more recently has been a battery of four of the world's best hot nut formers using the most advanced technique of heating by electric induction.

The machine pictured here is our 1" boltmaker that at the time of its installation was the first in the world.



Docap, a fast growing member of the Automotive Hardware group of companies, is in the unique position of being able to respond to the demands of the market place by offering its automotive jobber and distributor customers a "one-stop shopping concept". Each of its six warehouses outside of Ontario is a version of the 50,000 sq. foot facility at Rexdale, Ontario. Our strength is service and a team of dynamic, knowledgeable employees.

Docap distributes the products of Republic Gear; Camel-Bridgeport; Cole Hersee; Ken Tool; Signal Motors, and others. It handles the finest and most widely accepted products such as universal joints, oil pumps, gears and sprockets, tire repair material, electrical components to name just a few of the more than 20,000 items stocked.

In addition to these fine lines, Docap manufactures garage creepers, spool wire and cable, and packages a complete range of fasteners for the automotive aftermarket.

By being a leader in this ever-growing market, Docap's future is bright. No matter which way the economy goes, the motoring public will require our goods.

The picture indicates that a large proportion of our products are used in the booming automotive aftermarket; nevertheless we sell our high quality lines increasingly to original equipment manufacturers (OEM) accounts.



Automatic Screw Machine Products Limited was formed early in Automotive Hardware's corporate history, as it became evident that our customers frequently required brass fittings and fasteners that were special. Such fasteners were larger in diameter or longer than standard sizes; they would have special threads including left hand, and sometimes they were standard, but required to be specially machined to suit the application.

Automatic brought great flexibility in this respect to Automotive, allowing the parent company to establish a reputation for versatility in the supply of fasteners that remains one of its strengths in today's highly competitive market.

In addition to complementing Automotive and Federal in this fashion, Automatic has its own customers in the automatic screw machine field and the machines pictured above are large diameter, multi-spindle, efficient "Wickmans", important members of its primary production units.

Automotive Hardware Limited

and its wholly owned subsidiary companies

Comparative Consolidated Balance Sheet

as at December 31

Assets	1975	1974
CURRENT ASSETS		
Accounts Receivable (Less Allowances for Doubtful Accounts)	\$ 5,274,538	\$ 5,405,762
Inventories, at Lower of Cost or Replacement Cost	14,330,116	10,862,679
Marketable Securities	2,250	2,250
Sales Tax and Duty Drawback Claims Outstanding	156,475	385,434
Prepaid Expenses and Deposits	153,006	136,224
Corporation Taxes Overpaid	798,883	—
	\$ 20,715,268	\$ 16,792,349
MORTGAGE RECEIVABLE — 7% due 1979	\$ 59,823	\$ 74,438
FIXED ASSETS, AT COST		
Land	\$ 664,247	\$ 281,809
Buildings	2,482,801	2,482,801
Machinery and Equipment	10,062,354	8,972,374
Motor Vehicles	336,735	224,157
Leasehold Improvements	212,775	201,648
Dies and Small Tools	180,000	180,000
	\$ 13,938,912	\$ 12,342,789
Less Accumulated Depreciation	6,707,069	5,999,129
	\$ 7,231,843	\$ 6,343,660
MILL ACQUISITION AND DEVELOPMENT COSTS	\$ 986,703	\$ 1,184,551
UNAMORTIZED DEBENTURE DISCOUNT	80,811	86,855
	\$ 29,074,448	\$ 24,481,853

The accompanying notes form an integral part of these financial statements.

Liabilities

	1975	1974
CURRENT LIABILITIES		
Bank Loans and Overdraft (Note 8(c))	\$ 3,279,575	\$ 1,611
Accounts Payable and Accrued Liabilities	1,984,050	1,589,263
Income Taxes Payable	—	2,448,384
Dividends Payable	180,638	135,278
Current Portion of Long Term Debt	223,379	233,499
	\$ 5,667,642	\$ 4,408,035
LONG TERM DEBT (LESS CURRENT PORTION AS ABOVE) (Note 4)	\$ 4,084,430	\$ 4,107,477
DEFERRED INCOME TAXES (Note 3)	\$ 1,445,059	\$ 858,921
ADVANCE PAYMENT FROM CUSTOMER	\$ —	\$ 319,282
Shareholders' Equity		
CAPITAL STOCK (Note 5(a))	\$ 1,178,720	\$ 1,164,950
CONSOLIDATED RETAINED EARNINGS	14,857,526	11,782,117
CONTRIBUTED SURPLUS (Note 6)	1,841,071	1,841,071
	\$ 17,877,317	\$ 14,788,138
	\$ 29,074,448	\$ 24,481,853

Approved on behalf of the Board of Directors:

Irwin Goldhart, Director.

Goldie Potashin, Director.

Automotive Hardware Limited

and its wholly owned subsidiary companies

Comparative Consolidated Statement of Earnings

for the years ended December 31

	1975	1974
Sales	\$ 33,181,522	\$ 34,066,176
Cost of Goods Sold and Operating Expenses Exclusive of items Shown Below	24,849,928	24,032,907
	\$ 8,331,594	\$ 10,033,269
Depreciation	\$ 714,981	\$ 682,815
Interest on Long Term Debt	286,287	289,991
Amortization of Debenture Discount	6,044	6,145
	\$ 1,007,312	\$ 978,951
Income Before Income Taxes	\$ 7,324,282	\$ 9,054,318
Income Taxes	3,576,644	4,271,077
Earnings from Operations	\$ 3,747,638	\$ 4,783,241
Non-Recurring Net Capital Losses (Net After Taxes)	—	86,059
Earnings for the Year	\$ 3,747,638	\$ 4,697,182
Earnings Per Share		
Shares Outstanding (See Also Note 13)	903,190	901,850
— From Operations	\$ 4.15	\$ 5.30
— Non-Recurring Net Capital Losses	—	(.09)
— Net Total for Year	\$ 4.15	\$ 5.21

The accompanying notes form an integral part of these financial statements.

Comparative Consolidated Statement of Retained Earnings

for the years ended December 31

	1975	1974
Balance, January 1	\$ 11,782,117	\$ 7,517,760
Net Earnings For The Year	3,747,638	4,697,182
Adjustment of Prior Year's Capital Loss	4,721	—
	\$ 15,534,476	\$ 12,214,942
Dividends Declared	676,950	432,825
Balance, December 31	\$ 14,857,526	\$ 11,782,117

The accompanying notes form an integral part of these financial statements.

Comparative Consolidated Statement of Changes in Financial Position

for the years ended December 31

	1975	1974
SOURCES OF FUNDS:		
Earnings for the Year	\$ 3,747,638	\$ 4,697,182
Depreciation	714,981	682,815
Amortization of Debenture Discount	6,044	6,145
FUNDS FROM OPERATIONS	\$ 4,468,663	\$ 5,386,142
Adjustment of Prior Year's Capital Loss	4,721	—
Principal Repayments of Mortgage Receivable	14,615	13,644
Advance Payment from Customer	—	319,282
Increases in Share Capital	13,770	5,000
Deferred Income Tax Adjustment	586,138	(44,766)
	\$ 5,087,907	\$ 5,679,302
USES OF FUNDS:		
Purchase of Fixed Assets (Less Proceeds of Disposals)	\$ 1,603,164	\$ 667,366
Reduction in Long Term Debt	23,047	(26,612)
Dividends Declared	676,950	432,825
Mill Acquisition and Development Costs	121,434	87,575
Increase in Working Capital as Set Out Below	2,663,312	4,518,148
	\$ 5,087,907	\$ 5,679,302
CHANGES IN THE ELEMENTS OF WORKING CAPITAL:		
WORKING CAPITAL JANUARY 1	\$ 12,384,314	\$ 7,866,166
Current Assets — Increase (Decrease):		
Accounts Receivable	(\$ 131,224)	\$ 1,484,634
Inventories	3,467,437	2,527,016
Sales Tax and Duty Drawback Claims Outstanding	(228,959)	85,951
Income Taxes Refundable	798,883	—
Prepaid Expenses and Deposits	16,782	(22,362)
Life Insurance, Cash Surrender Value	—	(11,517)
	\$ 3,922,919	\$ 4,063,722
Current Liabilities — (Increase) Decrease:		
Bank Loans and Overdraft	(\$ 3,277,964)	\$ 1,105,965
Accounts Payable and Accrued Liabilities	(394,787)	459,054
Income Taxes Payable	2,448,384	(1,000,292)
Dividends Payable	(45,360)	(81,188)
Current Portion of Long Term Debt	10,120	(29,113)
	(\$ 1,259,607)	\$ 454,426
NET INCREASE IN WORKING CAPITAL	\$ 2,663,312	\$ 4,518,148
WORKING CAPITAL DECEMBER 31	\$ 15,047,626	\$ 12,384,314

The accompanying notes form an integral part of these financial statements.

Notes to Consolidated Financial Statements December 31, 1975

1. BASIS OF CONSOLIDATION.

The accompanying financial statements combine the accounts of Automotive Hardware Limited and its wholly owned subsidiary companies.

All material inter-company transactions and balances on the aforementioned statements were eliminated for consolidation purposes.

2. DEPRECIATION.

Depreciation on fixed assets in use was computed at the maximum rates allowed by The Income Tax Act except for Federal Bolt & Nut Corporation Limited, which was computed at 7½% straight line rate for all equipment. Tools and dies were expensed in the year during which the related equipment was used except for \$180,000 which was capitalized in 1960.

3. INCOME TAXES — PAYABLE AND DEFERRED.

The companies follow the tax allocation principle of providing for income taxes. Under this principle: (a) the earnings statement reflects income tax expense based on consolidated operating results; (b) income taxes payable are calculated on the basis of each company's taxable income; and (c) the difference between income tax expense under (a) above and income taxes payable under (b) above is reflected as an adjustment to deferred income taxes on the balance sheet.

4. LONG TERM DEBT.

	FINAL PAYMENT DUE	1975	1974
Equipment Contracts Payable (Secured)	1980	\$ 383,308	\$ 567,522
Realty Mortgage — 6-7/8%	1986	729,116	778,454
Realty Mortgage — 10%	1980	127,500	—
Realty Mortgage — 10%	1980	74,885	—
Convertible Debenture — Series A — 6%	1989	2,993,000	2,995,000
		<u>\$4,307,809</u>	<u>\$4,340,976</u>
Less — Amounts Due Within One Year		<u>223,379</u>	<u>233,499</u>
		<u><u>\$4,084,430</u></u>	<u><u>\$4,107,477</u></u>

6% CONVERTIBLE DEBENTURE SERIES A, DUE JULY 2, 1989.

- This debenture, issued July 2, 1969, is secured by a floating charge on the assets of Automotive Hardware Limited and its wholly owned subsidiary companies. Interest is paid semi-annually;
- Each debenture is convertible at the holder's option at any time up to July 2, 1979, at a conversion rate of 70 Class A shares per \$1,000 principal amount;
- In each of the years 1980 to 1988, the Company is obliged to pay to the trustee, by way of a sinking fund, sums sufficient to retire on July 2 in each of such years, 10% of the aggregate principal amount outstanding on July 3, 1979;
- During 1975, debentures totalling \$2,000 were converted into 140 Class A shares.

5. (a) CAPITAL STOCK.

Authorized:

- 3,500,000 Class A, Voting, Convertible Shares Without Par Value
- 3,500,000 Class B, Voting, Convertible Shares Without Par Value
- 260,000 Common Shares Without Par Value

Outstanding and Fully Paid:

	Number	Amount
December 31, 1974 — Class A	254,950	
— Class B	646,900	
	<u>901,850</u>	<u>\$1,164,950</u>
Debenture Conversion — 1975 — \$2,000	140	2,000
Employee Stock Options — 1975	1,200	11,770
	<u>903,190</u>	<u>\$1,178,720</u>
December 31, 1975 — Class A	195,840	
— Class B	707,350	
	<u>903,190</u>	

(b) CONVERSION PRIVILEGE OF 6% CONVERTIBLE DEBENTURE, SERIES A.

The Company has reserved 209,510 Class A shares to meet the conversion privilege of the holders of the debenture.

(c) EMPLOYEES' STOCK OPTION PLAN — CLASS A SHARES

Reserved for Employees		45,000
Options granted to 30 employees (of which 7,500 were granted to 3 directors) at 90% of market value at time of granting	38,100	38,100
Options exercised during 1975 (for a total consideration of \$11,770)	1,200	
Balance of Options granted but not exercised	36,900	
Balance of shares in reserve		6,900

6. CONTRIBUTED SURPLUS.

Net excess of the equity of the subsidiary companies over the cost of their acquisition by Automotive Hardware Limited as at December 31, 1975 (unchanged from 1974)

\$1,841,071

7. ANTI-INFLATION ACT.

The Company is subject to certain restraints under the Federal Anti-Inflation Act. It is not yet possible to determine the effects of this legislation on the Company.

8. COMMITMENTS.

(a) LEASES.

The Company and its subsidiary companies, have entered into leases terminating at various times up to 1985. Total commitments under such leases were: 1975 — \$940,859; 1974 — \$688,853, plus realty taxes in each year as applicable.

(b) PENSION PLANS.

	1975	1974
The Company has made the following payments:		
Contributory Plan	\$ 96,731	\$ 86,748
Non-Contributory Plans	91,797	81,000
Past service funding of the non-contributory plans' requirements are currently estimated to be \$30,102 annually for each of the next ten years.		

(c) Bank loans were secured by a registered assignment of accounts receivable.

(d) Letters of credit outstanding totalled:	1975	1974
	\$ 94,769	\$ 923,647

(e) EQUIPMENT.

At December 31, 1975, the Company and its wholly owned subsidiary companies had entered into commitments to purchase production equipment aggregating approximately \$1,000,000, of which amount approximately \$500,000 is to be financed by long-term debt.

(f) LAND.

At December 31, 1975, the Company and its wholly owned subsidiary companies had entered into commitments to purchase land for approximately \$245,000, of which amount \$130,500 is to be financed by a mortgage to the vendor.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS.

Direct remuneration paid to the directors and senior officers of the Company, eleven in number, (1974 — ten in number) during the year, amounted to \$489,773 (1974 — \$449,708). In addition thereto, the Company contributed during the year the sum of \$16,798 (1974 — \$14,277) under its contributory employee pension plan on behalf of these directors and senior officers.

10. Pursuant to lease commitments, the Company paid Mr. Irwin Goldhart, the president of the Company, rentals totalling \$70,180 for warehouses in Vancouver, British Columbia, and Dartmouth, Nova Scotia.

11. ADVANCE PAYMENT FROM CUSTOMER — \$319,282.

The mill acquisition and development costs reflect a reduction of \$319,282, being the net amount received in 1974 as an advance payment on the sale of certain portions of such equipment.

12. ADJUSTMENT OF PRIOR YEAR'S CAPITAL LOSS — \$4,721.

This amount is a net recovery of a 1969 write-off with respect to an American subsidiary company, dormant since that date, and which was wound up during the year.

13. EARNINGS PER SHARE.

	1975	1974
Shares Outstanding	903,190	901,850
Shares Reserved re: Debenture	209,510	209,650
Shares Reserved re: Employee Options Granted	36,900	—
Shares Outstanding and Reserved	1,149,600	1,111,500
Earnings per Share on Shares Outstanding	\$ 4.15	\$ 5.21
Diluted Earnings per Share, based on shares outstanding and reserved	\$ 3.35	\$ 4.30
Imputed Increase in After Tax Earnings based on potential funds derived from the issuance of all shares reserved	\$ 103,956	\$ 85,338

Auditors' Report

To the Shareholders of Automotive Hardware Limited:

We have examined the consolidated balance sheet of Automotive Hardware Limited and its wholly owned subsidiary companies as at December 31, 1975, and the consolidated statements of earnings, retained earnings, and changes in financial position for the year then ended. Our examinations included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975, and the results of their operations and the changes in their financial position for the year then ended, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 4, 1976.

MILLER, STONE, SAPERIA and ISAACS
Chartered Accountants.

Automotive Hardware Limited

and its wholly owned subsidiary companies

Seven Year Financial Summary

(Thousands except where indicated*)

	1975	1974	1973	1972	1971	1970	1969
SALES	\$33,182	\$34,066	\$24,541	\$19,464	\$17,531	\$15,767	\$15,235
EARNINGS BEFORE TAXES	7,324	9,054	4,205	1,740	1,663	1,906	1,836
NET EARNINGS	3,748	4,697	2,217	958	824	906	817
NET PROFIT MARGIN	11.3%	13.8%	9.0%	4.9%	4.7%	5.7%	5.4%
EARNINGS PER SHARE*	\$4.15	\$5.21	\$2.46	\$1.06	92c	\$1.01	91c
TOTAL ASSETS	\$29,074	\$24,482	\$20,366	\$17,300	\$16,546	\$15,719	\$13,830
LONG TERM DEBT	4,084	4,107	4,081	4,287	4,542	4,584	4,308
SHAREHOLDERS' EQUITY	17,877	14,788	10,519	8,501	7,759	7,316	6,572
EQUITY PER SHARE*	19.79	16.40	11.67	9.45	8.62	8.13	7.30
WORKING CAPITAL	15,048	12,384	7,866	7,183	7,069	7,018	6,713
DIVIDENDS PER SHARE	75c	48c	24c	24c	24c	18c	—

*Based on 903,190 shares outstanding in 1975 compared to 901,850 in 1974, 901,500 in 1973 and 900,000 in previous years.

Directors Irwin Goldhart,
President,
Automotive Hardware Limited

Frances A. Reid,
Vice-President,
Automotive Hardware Limited

Goldie Potashin,
Secretary-Treasurer,
Automotive Hardware Limited

Sidney Goldhart,
Vice-President,
Docap Corporation Limited

Ross M. Hanbury,
Consultant

Harry L. Mendelson, Q.C.,
Barrister and Solicitor

Officers Irwin Goldhart, *President*
Frances A. Reid, *Vice-President*
Goldie Potashin, *Secretary-Treasurer*
Manuel Harris, C.A., *Comptroller*

**Registrar, Transfer Agent
and Trustee** National Trust Company Limited
Montreal, Toronto, Winnipeg, Calgary
and Vancouver

Auditors Miller, Stone, Saperia and Isaacs
Chartered Accountants

Shares Listed Toronto Stock Exchange

Head Office & Plant 55 Brown's Line, Toronto, Ont.



Subsidiaries:

Automatic Screw Machine Products Limited
Federal Bolt & Nut Corporation Limited
Docap Corporation Limited
Planet Steel Limited

Branch Warehouses:

Vancouver, British Columbia
Edmonton, Alberta
Calgary, Alberta
Winnipeg, Manitoba

Toronto, Ontario
Montreal, Quebec
Dartmouth, Nova Scotia

Head Office:

55 Brown's Line, Toronto, Ontario

